



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

DIVISION OF RELIABILITY
AND SECURITY

ORDER AUTHORIZING
SETTLEMENT

IN THE MATTER OF THE BOARD'S INVESTIGATION
INTO ALLEGATIONS OF VIOLATIONS OF LAW BY
PSE&G IN AN INCIDENT IN EDISON ON OCTOBER
12, 2004

IN THE MATTER OF THE BOARD'S INVESTIGATION
INTO ALLEGATIONS OF VIOLATIONS OF THE
UNDERGROUND FACILITIES PROTECTION ACT ON
OCTOBER 12, 2004

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DOCKET NO. G005060513

DOCKET NOS. GS05030269K -
GOC 2004-0564, ES05030267K -
OC 25-04, GS05030266K -
OC 26-04, GS05030265K -
OC 27-04, ES05030264K -
OC 28-04¹

SERVICE LIST ATTACHED

BY THE BOARD:

The Board of Public Utilities ("Board") has jurisdiction to oversee and enforce the provisions of the Underground Facility Protection Act ("the Act") pursuant to the provisions set forth in N.J.S.A. 48:2-73 et seq. The primary purpose of the Act is to establish the One-Call Damage Prevention System for the protection of underground facilities that are used for the conveyance of water, forced sewage, telecommunications, cable television, electricity, oil, petroleum products, gas, optical signals, traffic control, or for the transportation of a hazardous liquid.

¹ Internal Board procedures have necessitated a change in the docket numbers associated with the above-captioned matters. These matters have been assigned new docket numbers as follows: The matter identified as GOC2004-0564, formerly docketed as GS05030377K, is now docketed as GS05030269K. The matter identified as OC#25-04, formerly docketed as ES05030375K, is now docketed as GS05030267K. The matter identified as OC#26-04, formerly docketed as GS05030374K, is now Docket No. GS05030266K. The matter identified as OC#27-04, formerly docketed as ES05030373K, is now docketed as GS05030265. The matter identified as OC#28-04, formerly docketed as ES05030372K, is now docketed as GS05030264K. The new docket numbers appear in the caption of this order.

Public Service Electric and Gas Company ("PSE&G" or "the Company") is an electric company subject to the jurisdiction of the Board and is an operator of underground facilities as set forth in the Act and therefore required by the Act to participate in the One-Call Damage Prevention System.

On October 12, 2004, in conjunction with excavation, a natural gas leak and subsequent explosion occurred at a private residence in Edison, New Jersey. While the home was vacant at the time of the incident and thus no injuries occurred, the home was completely destroyed and two adjacent homes sustained substantial damage.

Immediately following notification of the incident, Staff of both the Bureau of Pipeline Safety and the Bureau of One Call conducted an investigation. The investigation discovered that the excavator had requested a mark-out, but found evidence that the mark-out by PSE&G was insufficient. Additionally, Staff found evidence of blocked vents around meter sets at adjacent homes, caused by the construction of small "sheds" or other structures. Staff notified PSE&G of its findings and determination. Subsequently, and following negotiations, Staff and PSE&G entered into a Settlement Agreement ("Agreement"), a copy of which is attached.

The Agreement sets forth recommendations that provide the appropriate balance between punitive and remedial elements necessary to enhance pipeline safety in this operator's service area. More specifically, the Agreement provides, in part, that PSE&G will:

- take prompt steps to ensure that all existing service line records are available to each of the PSE&G mark-out inspectors via an internet based, wireless database;

- take steps to ensure that customer information is available electronically to each of the PSE&G mark-out personnel to help readily determine if PSE&G is currently providing gas service at a particular location;

- modify procedures to require PSE&G to create a service line record whenever it discovers that a gas service is present and there is no existing associated record, and to promptly add this created record to the electronic database;

- develop a comprehensive field quality control program to evaluate mark-outs for accuracy and completeness, and maintain records detailing the results of the evaluations that will be periodically reviewed during pipeline safety inspections; and

- conduct additional inspections once every three years to inspect meter set vents and any other visible unusual condition that may adversely affect the safety of the gas facility.

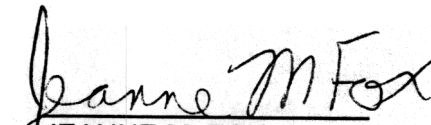
These measures will help to eliminate the possibility and minimize the impact and severity of such occurrences in the future. Additionally, the Settlement includes a one-time payment to the State in the amount of \$200,000, which includes \$61,000 for related violations.

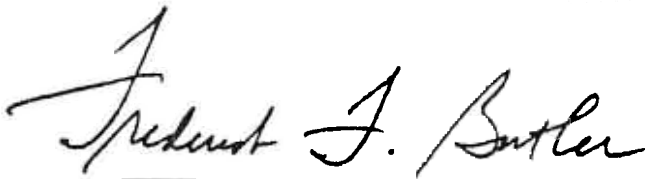
Pursuant to N.J.S.A. 48:2-86(c), the Board may, in the interest of justice, enter into a settlement agreement for alleged violations of the Act. In determining the appropriateness of compromise, the Board is directed to consider a number of issues, including the nature, circumstances and gravity of the alleged violations and the good faith effort on the part of the alleged violator in attempting to achieve compliance. Here, the nature of the violation was significant, but PSE&G has and continues to take steps to ensure that future violations do not occur. Accordingly, the compromise as set forth in the Settlement is reasonable and in keeping with the letter and spirit of the Act.

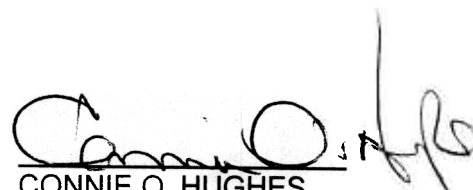
Thus, based upon the terms of the Settlement, including the remedial action to be taken by PSE&G, and in light of the cooperation provided by the Company, the Board HEREBY APPROVES the attached Settlement, incorporating by reference the terms and conditions as if fully set forth herein. The Board HEREBY ORDERS PSE&G to comply with all the requirements and recommendations contained therein.

DATED: 9/15/05

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER


JACK ALTER
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities

BPU DOCKET NO. GO05060513

SERVICE LIST

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